

USDA
Form RD 460-2
(Rev. 4-97)

SUBORDINATION BY THE GOVERNMENT

Position 1 (Chattel Security)
Position 5 (Real Estate Security)

The United States of America acting through the United States Department of Agriculture (called the "Government") is the owner and holder of the following-described instruments executed by _____ and _____ of _____

County, State of _____					
<i>Title of Instrument:</i>	<i>Date of Instrument</i>	<i>Date Filed</i>	<i>Office Filed</i>	<i>Document File or Book No.</i>	<i>Page No.</i>

AND, _____ (called the "Lender") has agreed to loan \$ _____ to _____ and _____ (called the "Borrower") for the following purposes:

THEREFORE, in consideration the Lender's agreement to make such loan to Borrower, the Government (1) consents to the Borrower obtaining the loan from the Lender for such purposes, and (2) agrees to and does subordinate in favor of the Lender and its successors and assigns its liens or security interests created or evidenced by the above-described instruments insofar as they cover the following-described property and provided the Lender perfects a lien on that property:

This subordination is limited to the amount actually loaned by the Lender to the Borrower (principal and accrued interest) for the foregoing purposes and also the amount actually advanced for foreclosure costs and other advances made or to be made by the Lender, for a total limitation not to exceed \$ _____. Any amount which is in excess of this figure will not be covered by this subordination unless prior written consent was obtained from the Government for incurring the expenditure in question. The Lender must incorporate into the borrower's note a statement that the loan will be in default should any proceeds of the loan funds obtained as a result of this subordination be used (1) for a purpose that will contribute the excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, provided by 7 C.F.R. part 1940, subpart G, or (2) for any purpose not provided for above.

RD 460-2 (Rev. 4-97)

(see reverse)

<u>PROCEDURE FOR PREPARATION</u>	:	RD Instructions 1962-A and 1965-B.
<u>PREPARED BY</u>	:	Appropriate Agency official.
<u>NUMBER OF COPIES</u>	:	Original and two (*three copies if the lender wishes to retain a copy).
<u>SIGNATURES REQUIRED</u>	:	Appropriate approval official.
<u>DISTRIBUTION OF COPIES</u>	:	Original (*and copy) to lender; copy to borrower, copy retained in Agency office (to be replaced by original when received from lender).

REVERSE OF FORM RD 460-2

IN WITNESS WHEREOF, The United States of America has caused this subordination to be signed on the _____ day
of _____, _____, pursuant to the delegated authority published in 7 C.F.R. part 1900, subpart A.

UNITED STATES OF AMERICA,

WITNESS: _____

BY _____

TITLE _____

U.S. Department of Agriculture.

*(NOTE TO LENDER: You are advised to obtain a perfected security interest on the above property. When the indebtedness
has been satisfied please mark this form "PAID IN FULL" and return it to the Department of Agriculture at the

following address: _____.)

STATE OF _____
COUNTY OF _____ } ss:

ACKNOWLEDGMENT

On this _____ day of _____, 19_____, before me, the subscriber, a
_____, in and for the above county and State, appeared

_____, known to me to be _____,
United States Department of Agriculture, and the person who executed the foregoing instrument, and he/she acknowledged to me that he/
she executed the same as the free act and deed of the United States of America, for the uses the purposes mentioned in it.

IN WITNESS WHEREOF, I have set my hand and seal at _____
_____ the day and year listed above.

[SEAL]

My commission expires _____

(Signature)

(Title)

Used to subordinate liens in favor of the Agency to enable borrowers to obtain credit from other sources under certain conditions, including those instances where there has been an assumption plus a subsequent real estate loan to a new borrower or where a present borrower has assumed a debt.

INSTRUCTIONS FOR PREPARATION

- (1) Fill in the name(s) of the party(ies) who executed the security instrument(s). If there is an assumption involved in the subordination, the name(s) will differ from the name(s) in the blank referred to under item (3).
- (2) In the subordination of chattel security in Uniform Commercial Code (UCC) States, describe only the Financing Statement.
- (3) If the party(ies) receiving the loan from the lender is identical to the party(ies) who originally executed the security instrument(s) described in the subordination, then fill in the blank with "the above-named party" (or "parties"). If there is either an assumption by--and subsequent real estate loan to-- a new borrower or just an assumption by a present borrower, the name(s) of the assuming party(ies) will be placed in this blank.
- (4) When the Government's security interest is to be subordinated in all crops and chattels described in any of the Security Agreement(s) or other security instrument(s) which cover that property, insert the following:

"All crops and chattels covered by Security Agreement(s) [title of any other security instrument] dated _____"

In all other cases describe the property sufficiently in detail so that it can be readily identified.

When subordinating only a portion of any livestock security, identify each animal specifically (by ear tag, tattoo, brand, and other identification), and state whether or not the increase born to the livestock is covered by the subordination.

- (5) This amount will be agreed upon by the Agency and the lender prior to the signing of the form.

*The lender will be requested to stamp the original of Form RD 460-2, "**Paid in Full**" when the indebtedness has been satisfied and return the form to the appropriate office.

If the form is to be returned to USDA by mail, the address of the appropriate USDA office may be stamped on it.